GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:594
ANSWERED ON:25.07.2001
LOSSES DUE TO DELAYED DEFENCE DEALS
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that Government are losing crores of rupees due to delay in defence deals as reported in 'Rashtriya Sahara' dated 20 April, 2001;

(b) if so, facts thereof;

(c) whether the Government have also received the report of the Standing Committee of Parliament on Defence; and

(d) if so, the main recommendations thereof and the reaction of the Government thereto?

Answer

MINISTER OF DEFENCE (SHRI JASWANT SINGH)

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 594 FO 25.7.2001.

A well defined procurement procedure exists in the Ministry of Defence for procurement of weapons and equipment for the Armed Forces. Considering the complexity of the project, it is difficult to project the time period within which a contract can be signed. During the procurement process, there are certain delays owing to various technical, financial and procedural aspects. However, it is difficult to estimate the monetary loss in terms of time taken to introduce an equipment in service.

2. The Standing Committee of Parliament on Defence has recommended that:
(i) the inefficiencies and bottlenecks in defence procurement process and procedures which have been identified by the Government should be removed;
(ii) to simplify, rationalize and have transparency in the acquisition procedure and also to ensure timely acquisitions of purchases of all defence equipment and requisite material;
(iii) defence procurement procedures should appropriately be modified and simplified after the Committee headed by VCOAS submit their Report to the Government.

3. In the meanwhile, the Government on 17th May, 2000 appointed the Task Force for Review of the Management of Defence. This Task Force was, inter-alia, mandated to recommend such organizational and other changes as considered appropriate to bring about improvements in the procurement process. The VCOAS had made a presentation before the Task Force. After considering the recommendation of the Task Force, the Government have approved creation of a separate dedicated institutional structure namely the Defence Procurement Board which will undertake the entire gamut of procurement functions. This is expected to facilitate a higher degree of professionalism and cost effectiveness in the process and ensure closer participation by the Armed Forces in the entire process of decision-making.